

REVENUE DEPARTMENT[701]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code chapter 17A and sections 421.14, 421.17, 425.8, 425.37, 426A.7, 427.1(19), and 428A.11, the Department of Revenue hereby gives Notice of Intended Action to amend Chapter 71, "Assessment Practices and Equalization," Chapter 72, "Examination and Certification of Assessors and Deputy Assessors," Chapter 73, "Property Tax Credit and Rent Reimbursement," Chapter 74, "Mobile, Modular, and Manufactured Home Tax," and Chapter 75, "Property Tax Administration," to rescind Chapter 78, "Property Tax Exemptions," and to amend Chapter 79, "Real Estate Transfer Tax and Declarations of Value," Chapter 80, "Property Tax Credits and Exemptions," Chapter 120, "Organization and Operation," Chapter 123, "Certification," and Chapter 124, "Courses," Iowa Administrative Code.

These proposed amendments clean up various provisions in existing rules.

An item-by-item explanation is not given for these amendments as they are not controversial and do not establish new policy or change existing policy. The changes correct grammar and Iowa Code references, delete outdated rules, update rules, provide clarification for existing rules, reflect administrative changes, recognize department reorganization, and combine two chapters of property tax credit and exemption rules into one chapter.

The proposed amendments will not necessitate additional expenditures by political subdivisions or agencies and entities which contract with political subdivisions.

Any person who believes that the application of the discretionary provisions of these amendments would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any.

The Department has determined that these proposed amendments may have an impact on small business. The Department has considered the factors listed in Iowa Code section 17A.4A. The Department will issue a regulatory analysis as provided in Iowa Code section 17A.4A if a written request is filed by delivery or by mailing postmarked no later than March 30, 2009, to the Policy Section, Taxpayer Service and Policy Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306. The request may be made by the Administrative Rules Review Committee, the Administrative Rules Coordinator, at least 25 persons signing that request who each qualify as a small business or an organization representing at least 25 such persons.

Any interested person may make written suggestions or comments on these proposed amendments on or before March 17, 2009. Such written comments should be directed to the Policy Section, Taxpayer Service and Policy Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306.

Persons who want to convey their views orally should contact the Policy Section, Taxpayer Service and Policy Division, Department of Revenue, at (515)281-8036 or at the Department of Revenue offices on the fourth floor of the Hoover State Office Building.

Requests for a public hearing must be received by March 20, 2009.

These amendments are intended to implement Iowa Code chapters 404, 405, 425, 426A, 427, 427A, 427B, 427C, 428, 428A, 435, and 441.

The following amendments are proposed.

ITEM 1. Amend numbered paragraph 71.12(2)“c”(3)“2” as follows:

2. The department appraiser shall appraise the property selected unless it is ineligible because of any of the following restrictions:

~~Vacant building~~

Current year sale

Partial assessment

Prior equalization appraisal

Tax-exempt

~~Only one portion of a total property unit (example—a parking lot of a grocery store)~~

Value established by court action

Value is not more than ~~\$5,000~~ \$10,000

Building on leased land

ITEM 2. Amend subrule 72.2(6) as follows:

72.2(6) Review of examination. Persons who have taken the examination may, after presenting proper identification, review their examinations in the office of the department’s property tax ~~section~~ division within 60 days after the date the examination has been administered. The review shall consist only of examining the person’s own answer sheet indicating the questions answered incorrectly and the question book. Persons reviewing their examinations shall not be permitted to take notes or otherwise transcribe information during this review, nor shall they have access to the answers to questions contained in the examination. Persons who review their examinations shall be permitted to do so only once, and shall not be eligible to take an examination for the position of assessor or deputy assessor for a period of at least 30 days following the date of the review of the examinations.

ITEM 3. Amend rule 701—72.5(441) as follows:

701—72.5(441) Regular certification.

72.5(1) To obtain regular certification, a person must pass the examination and (a) possess two years’ appraisal-related experience at the time of ~~successfully writing~~ passing the examination, or (b) have obtained temporary certification, received a provisional appointment as assessor, and successfully completed the course of study prescribed by the director as provided in Iowa Code section 441.5.

72.5(2) If subsequent to ~~the successful writing of~~ passing the examination a person who has not received a provisional appointment as assessor attains two years’ appraisal-related experience, the person must again ~~successfully write~~ pass the examination to obtain regular certification.

72.5(3) A regular certificate ~~shall expire~~ expires two years after the most recent date certification is granted by the director. However, the regular certificate of a person who receives an appointment as assessor ~~shall remain~~ remains valid until the person’s resignation or removal from the position of assessor, even though more than two years may have expired since certification was last granted.

72.5(4) A regular certificate may at any time be renewed if the person possessing such a certificate ~~successfully rewrites~~ passes the assessor examination. A regular certificate so renewed shall remain valid for a period of two years from the date certification was last granted, except as provided in subrule 72.5(3).

This rule is intended to implement Iowa Code section 441.5.

ITEM 4. Amend subrules 72.6(1) and 72.6(3) as follows:

72.6(1) To obtain temporary certification, a person who does not possess two years’ appraisal-related experience must ~~successfully write~~ pass the examination for the position of assessor.

72.6(3) The temporary certificate of a person who does not receive a provisional appointment as assessor may be renewed if the person ~~successfully rewrites~~ retakes and passes the assessor examination. A temporary certificate so renewed shall remain valid for a period of two years from the date temporary certification was last granted.

ITEM 5. Rescind and reserve rule **701—72.7(441)**.

ITEM 6. Amend subrules 72.8(1) and 72.8(4) as follows:

72.8(1) A person who ~~successfully writes~~ passes the examination for assessor or deputy assessor shall be granted regular deputy assessor certification by the director and shall be eligible for appointment to a deputy assessor position.

72.8(4) A deputy assessor regular certificate may at any time be renewed if the person possessing such a certificate ~~successfully rewrites~~ passes the assessor or deputy assessor examination. A deputy assessor certificate so renewed shall remain valid for a period of two years from the date certification was last granted, except as provided in subrule 72.8(3).

ITEM 7. Rescind and reserve rule **701—72.9(441)**.

ITEM 8. Amend subrule 72.10(2) as follows:

72.10(2) After the appointment of a new assessor, the assessor may appoint one or more deputy assessors from the registers of persons certified as eligible for appointment as assessor or deputy assessor ~~or the assessor may appoint as deputy assessor a person holding a restricted deputy assessor certificate valid for that assessing jurisdiction.~~ The assessor shall notify the director immediately of persons appointed as deputy assessors, the vacating of office by a deputy assessor, or a change in a deputy assessor's legal name.

ITEM 9. Amend rule 701—72.13(441) as follows:

701—72.13(441) Course of study for provisional appointees. A person who possesses temporary certification and receives a provisional appointment as assessor shall within 18 months of the appointment complete a course of study prescribed and administered by the department of revenue. The course of study shall include the following: (1) attendance of at least one basic assessment school conducted by the department of revenue; (2) field instruction by appraisal personnel of the department of revenue; (3) the actual appraisal of representative properties in each class of real estate; and (4) attendance at the annual school of instruction sponsored by the department of revenue and the Iowa State Association of Assessors. In the event a person is unable to attend the annual school of instruction due to circumstances beyond the person's control, the director may, upon the request of the person, substitute comparable instruction for the fulfillment of this requirement. At three-month intervals following the appointment of the assessor, department of revenue appraisal personnel shall complete a review of the assessor's performance and discuss the review with the assessor. If the review indicates unsatisfactory progress is being made toward developing a working knowledge of appraisal principles, the assessor shall be informed as to how the assessor's performance could be improved. Not less than 60 nor more than 90 days before the expiration of the 18-month period, the director of revenue shall inform the assessor and the conference board of the assessor's jurisdiction of the director's determination as to whether the assessor satisfactorily completed the course. If the assessor satisfactorily completes the course, the assessor shall be granted regular certification. If the assessor does not satisfactorily complete the course, the director shall revoke the assessor's temporary certificate and notify the assessor and the conference board of the revocation and that the person is no longer eligible to hold the position of assessor.

This rule is intended to implement Iowa Code section 441.5.

ITEM 10. Amend subrule 72.14(3) as follows:

72.14(3) Removal of member. A member of an examining board may be removed from office only after specific charges have been filed against the member and a public hearing has been held if requested by the member.

ITEM 11. Amend rule **701—72.14(441)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 441.2, 441.3, 441.4, and 441.6.

ITEM 12. Amend subrule 72.18(8) as follows:

72.18(8) Review of examination. Persons who have taken a course examination may, after presenting proper identification, review their ~~examination~~ examinations in the office of the department's property

tax ~~section~~ division within 60 days after the date the examination has been administered. The review shall consist only of examining the person's own answer sheet and the question book. Persons reviewing their examinations shall not be permitted to take notes or otherwise transcribe information during this review, nor shall they have access to the answers to questions contained in the examination. Persons who review their examinations shall be permitted to do so only once, and shall not be eligible to take the same examination for a period of at least 30 days following the date of the review of the examinations.

ITEM 13. Amend rule 701—73.24(425) as follows:

701—73.24(425) Income: spouse. The income of a spouse does not have to be reported on the claimant's return unless the spouse lived with the claimant at the property upon which the property tax credit or rent reimbursement is claimed. If the spouse lived with the claimant for only a portion of the base year, only that portion of the spouse's income which was received while living with the claimant must be reported as income on the claimant's return. If the spouse is eligible to claim a credit or reimbursement, the spouse does not have to include any income that was reported on the other claimant's (spouse's) return.

This rule is intended to implement Iowa Code subsection 425.17(6).

ITEM 14. Amend subrule 73.27(4) as follows:

73.27(4) Special assessment installment due in current fiscal year. The amount of a special assessment credit claim to be reimbursed by the Iowa department of revenue pursuant to Iowa Code section 425.23 is limited to the amount of the installment payable during the current fiscal year for persons described in ~~1993 Iowa Acts, chapter 180, section 4,~~ Iowa Code section 425.17, subsection 2, paragraph "a," or one-half of that amount for persons described in ~~1993 Iowa Acts, chapter 180, section 4,~~ Iowa Code section 425.17, subsection 2, paragraph "b."

ITEM 15. Amend rule ~~701—73.27(425)~~, implementation sentence, as follows:

This rule is intended to implement Iowa Code section 425.23(3) ~~as amended by 1998 Iowa Acts, House File 2513,~~ and is effective for special assessment credit claims filed on or after January 1, 1999.

ITEM 16. Amend rule 701—73.32(425) as follows:

701—73.32(425) Annual adjustment factor. Beginning with claims filed in 2000, the income levels used for determining the allowable percent of property tax credit or rent reimbursement, special assessment credit, or the amount of the mobile home reduced tax rate shall be adjusted each year to reflect the inflation factor as computed pursuant to Iowa Code section 422.4.

This rule is intended to implement Iowa Code sections 425.23~~(4)~~ and 435.22(2) ~~as amended by 1998 Iowa Acts, House File 2513.~~

ITEM 17. Amend subrule 74.4(3) as follows:

74.4(3) Claims. Claims for the reduced tax rate must be filed with the county treasurer on or before June 1 immediately preceding the fiscal year during which the taxes are due. The county treasurer may extend the time for filing a claim for reduced tax rate through September 30 of the same calendar year if good cause exists. The director of revenue may also extend the time for filing a claim through December 31 of the same calendar year if good cause exists. Late reduced tax rate claims will be reimbursed by the director directly to the claimant upon proof of tax payment. The claimant must own and occupy the home at the time the claim for credit is filed or, if the claimant is deceased, at the time of the claimant's death or, if a late claim, on June 1 of the claim year. The claim forms shall be provided by the department of revenue.

ITEM 18. Amend rule 701—75.3(445) as follows:

701—75.3(445) When delinquent. The first half installment of taxes shall become delinquent if not received by the county treasurer on or before the last business day preceding October 1, and the second half installment shall become delinquent if not received by the county treasurer on or before the last business day preceding April 1. If mailed, the payment envelope must bear a postmark date preceding

October 1 or April 1 to avoid delinquency. ~~However, in those instances when the last day of September or March is a Saturday or Sunday, the taxes become delinquent on the second business day of October or April, whichever is applicable.~~ If paid electronically, the payment must be initiated by midnight on ~~or before~~ the last day of the month preceding the delinquent date to avoid interest on the taxes. However, in those instances when the last day of September or March is a Saturday or Sunday, the taxes become delinquent on the second business day of October or April, whichever is applicable. Delinquent taxes shall draw interest at the rate specified in Iowa Code section 445.39.

This rule is intended to implement Iowa Code Supplement section 445.37 as amended by 2002 Iowa Acts, House File 2246.

ITEM 19. Rescind and reserve **701—Chapter 78.**

ITEM 20. Amend subrule 79.1(6) as follows:

79.1(6) Multiple parcels. If the real estate conveyance contains multiple parcels and the parcels are located in more than one county, the tax is to be paid to each county in which the property is parcels are located based on the consideration paid for each property parcel or proportionate parcel located in each county.

ITEM 21. Amend rule **701—79.1(428A)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code chapter 428A as amended by 2001 Iowa Acts, Senate File 372 and House File 736.

ITEM 22. Amend subrule 79.3(2) as follows:

79.3(2) Report of sales. County recorders and city and county assessors shall complete the appropriate portions of the real estate transfer-declaration of value form for each real estate transfer for which a declaration of value has been completed by the buyer, seller, or agent. The completion of the completed real estate transfer-declaration of value forms constitutes the preparation of a shall be used in preparing the quarterly sales report to be submitted to the director of revenue department as required by Iowa Code section 421.17(6).

ITEM 23. Amend subrule 79.4(3) as follows:

79.4(3) Limited partnership defined. “Limited partnership” means a partnership as defined in Iowa Code section ~~545.4~~ 488.102(13) and which owns or leases agricultural land or is engaged in farming.

ITEM 24. Amend rule 701—79.6(428A) as follows:

701—79.6(428A) Public access to declarations of value. Declarations of value are public records and shall be made available for public inspection in accordance with Iowa Code chapter ~~68A~~ 22.

This rule is intended to implement Iowa Code chapter 428A.

ITEM 25. Amend paragraph **80.2(1)“a”** as follows:

a. No military service tax exemption shall be allowed unless the first application for the military service tax exemption is signed by the owner of the property or the owner’s qualified designee and filed with the city or county assessor on or before July 1 of the current assessment year (1970 O.A.G. 437). Once filed, the claim for exemption is applicable to subsequent years and no further filing shall be required provided the claimant or the claimant’s spouse owns the property on July 1 of each year. The assessor, county auditor, and county board of supervisors shall act on the claim in accordance with Iowa Code section ~~427.6 as amended by 1999 Iowa Acts, chapter 151, section 88~~ 426A.14. A claim filed after July 1 of any calendar year applies to the following assessment year.

ITEM 26. Amend paragraphs **80.2(2)“i”** and **“o”** as follows:

i. A remainder is not eligible to receive a military service tax exemption on property to which a remainder interest is ~~paid~~ held until expiration of the life estate. (1946 O.A.G. 155)

o. In the event both a husband and wife are qualified veterans, they may each claim their military service tax exemption on their jointly owned property. (1946 O.A.G. ~~194~~ 154) If property is solely owned by one spouse, the owner spouse may claim both exemptions on ~~such~~ the property providing

the nonowner spouse ~~does not claim his or her exemption~~ spouse's exemption is not claimed on other property.

ITEM 27. Amend rule ~~701—80.2(22,35,426A)~~, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 22.7, 35.1, and 35.2 and chapter 426A ~~as amended by 2005 Iowa Acts, chapter 115, and 2006 Iowa Acts, House File 2751.~~

ITEM 28. Amend subrule 80.3(7) as follows:

80.3(7) No exemption shall be allowed unless the department of natural resources has certified that the primary use of the property for which the taxpayer is seeking an exemption is to control or abate air or water pollution or to enhance the quality of any air or water in this state or that the primary use of the property is for recycling. Recycling property is property used primarily in the manufacturing process and resulting directly in the conversion of waste glass, waste plastic, wastepaper products, waste paperboard, or waste wood products into new raw materials or products composed primarily of recycled material.

ITEM 29. Amend subrule 80.4(8) as follows:

80.4(8) The exemption authorized by Iowa Code subsection 427.1(21) extends only until the final payment due date of the borrower's original low-rent housing development mortgage on the property or until the borrower's original low-rent housing development mortgage is paid in full or expires, whichever is sooner. If the original mortgage is refinanced, the exemption shall apply only until what would have been the final payment due date under the original mortgage or until the refinanced mortgage is paid in full or expires, whichever is sooner. This exemption for refinanced projects applies to those projects refinanced on or after January 1, 2005.

ITEM 30. Amend paragraph **80.6(6)“a”** as follows:

a. An eligible property owner shall file an application for exemption with the assessor between January 1 and February 1, inclusive, of the year for which the value added is first assessed for tax purposes. The amount of “actual value added” shall be the difference between the assessed value of the property on January 1 of the year value is added to the property and the assessed value of the property the following assessment year. An application cannot be filed if a valid ordinance has not been enacted in accordance with Iowa Code section 427B.1 (O.A.G. 82-3-5). If an application is not filed by February 1 of the year for which the value added is first assessed, the taxpayer cannot receive in subsequent years the partial exemption for that value added (O.A.G. 82-1-17). However, if a taxpayer has received prior approval in accordance with Iowa Code section 427B.4 and subrule 80.6(2), the application is to be filed by not later than February 1 of the year for which the total value added is first assessed as the approved completed project.

ITEM 31. Amend subrule 80.8(8) as follows:

80.8(8) *Value added.* As used in this rule, the term “value added” means the amount of increase in the actual value of real estate directly attributable to improvements made as part of a revitalization project. The amount of “actual value added” shall be the difference between the assessed value of the property on January 1 of the year value is added to the property and the assessed value of the property the following assessment year. “Value added” does not include any increase in actual (market) value attributable to that portion of the real estate assessed prior to the year in which revitalization improvements are first assessed. The sales price of the property rather than the assessed value of the property may be used in determining the percentage increase required to qualify for exemption if the improvements were begun within one year of the date the property was purchased.

ITEM 32. Amend subparagraph **80.9(6)“f”(1)** as follows:

(1) Fruit-tree or forest reservations. Property which has received an exemption as a fruit-tree or forest reservation is not subject to the recapture tax if the property is maintained as a fruit-tree or forest reservation for at least five full calendar years following the last calendar year for which the property was exempt as a fruit-tree or forest reservation.

ITEM 33. Amend subrule 80.12(2) as follows:

80.12(2) *Eligibility for exemption.* To qualify for exemption, the property must be used in ~~connection~~ an operation connected with, or in conjunction with, a publicly owned sanitary landfill to collect methane gas or other gases produced as a byproduct of waste decomposition and convert the gas to energy or in an operation connected with, or in conjunction with, a publicly owned sanitary landfill to collect waste that will be used ~~would otherwise be collected by, or deposited with, a publicly owned sanitary landfill~~ in order to decompose the waste to produce methane gas or other gases for conversion into energy. The property used to decompose the waste and convert the waste to gas is not eligible for the exemption.

ITEM 34. Amend rule **701—80.12(427)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code section 427.1(29) ~~as amended by 2001 Iowa Acts, Senate File 520.~~

ITEM 35. Amend rule 701—80.13(427B) as follows:

701—80.13(427B,476B) Wind energy conversion property.

80.13(1) *Property that does not qualify for the wind energy production tax credit.* A city council or county board of supervisors may provide by ordinance for the special valuation of wind energy conversion property. If the ordinance is repealed, the special valuation applies through the nineteenth assessment year following the first year the property was assessed. Once the ordinance has been repealed and the special valuation is no longer applicable, the property shall be valued at market value rather than 30 percent of net acquisition cost. The special valuation applies to property first assessed on or after the effective date of the ordinance. The local assessor shall value the property in accordance with the schedule provided in Iowa Code section 427B.26(2). ~~Public utility property~~ The property qualifies for special valuation provided the taxpayer files a declaration of intent with the local assessor by February 1 of the assessment year in which the property is first assessed for tax to have the property locally assessed. The property shall not be assessed until the assessment year following the year the entire wind plant is completed. A wind plant is completed when it is placed in service.

80.13(2) *Property that qualifies for the wind energy production tax credit.* The wind energy production tax credit applies to electrical production facilities placed in service on or after July 1, 2005, but prior to July 1, ~~2008~~ 2012. These facilities are to be assessed by the department of revenue for a period of 12 years, and the taxes payable on the facilities are to be paid to the department at the same time as regular property taxes. The owner of the facility shall file an annual report with the department by May 1 of each year during the 12-year assessment period, and the department shall certify the assessed value of the facility by November 1 of each year to the county auditor. The board of supervisors shall notify the county treasurer to state on the tax statement that the property taxes are to be paid to the department of revenue. The board shall also notify the department of those facilities that are required to pay the property taxes to the department. The department of revenue shall notify the county treasurer of the date the taxes were paid within five business days of receipt, and the notification shall authorize the county treasurer to mark the record as paid in the county system.

This rule is intended to implement Iowa Code section 427B.26 and ~~Supplement~~ chapter 476B.

ITEM 36. Reserve rules **701—80.28** to **701—80.49**.

ITEM 37. Adopt the following new rules 701—80.50(427,441) to 701—80.56(427):

701—80.50(427,441) Responsibility of local assessors.

80.50(1) The assessor shall determine the taxable status of all property. If an application for exemption is required to be filed, the assessor shall consider the information contained in the application in determining the taxable status of the property. The assessor may also request from any property owner or claimant any additional information necessary to the determination of the taxable status of the property. For property subject to Iowa Code subsection 427.1(14), the assessor shall not base the determination of the taxable status of property solely on the statement of objects or purposes of the organization, institution, or society seeking an exemption. The use of the property rather than the objects or purposes of the organization, institution, or society shall be the controlling factor in determining the

taxable status of property. (*Evangelical Lutheran G.S. Society v. Board of Review of Des Moines*, 200 N.W.2d 509; *Northwest Community Hospital v. Board of Review of Des Moines*, 229 N.W.2d 738.)

80.50(2) In determining the taxable status of property, the assessor shall construe the appropriate exemption statute and these rules in a strict manner. If there exists any doubt as to the taxable status of property, the property shall be subject to taxation. The burden shall be upon the claimant to show that the exemption should be granted. (*Evangelical Lutheran G.S. Society v. Board of Review of Des Moines*, 200 N.W.2d 509; *Southside Church of Christ of Des Moines v. Des Moines Board of Review*, 243 N.W.2d 650; *Aerie 1287, Fraternal Order of Eagles v. Holland*, 226 N.W.2d 22.)

80.50(3) If the assessor determines that all or part of a property is subject to taxation, the assessor shall notify the taxpayer by the issuance of an assessment roll as provided in Iowa Code sections 441.26 and 441.27. If the assessor determines that property has been erroneously exempted from taxation, the assessor shall revoke the exemption for the current assessment year but not for prior assessment years.

80.50(4) The assessor's determination of the taxable status of property may be appealed to the local board of review pursuant to Iowa Code section 441.37.

This rule is intended to implement Iowa Code chapter 427 and sections 441.17(11), 441.26, and 441.27.

701—80.51(441) Responsibility of local boards of review.

80.51(1) If the board of review determines that property has been erroneously exempted from taxation, the board of review shall revoke the exemption for the current assessment year, but not for prior assessment years, and shall give notice to the taxpayer as provided in Iowa Code section 441.36.

80.51(2) If the board of review acts in response to a protest arising from an assessor's determination of the taxable status of property, the board of review shall notify the taxpayer of its disposition of the protest in accordance with the provisions of Iowa Code section 441.37.

This rule is intended to implement Iowa Code sections 441.35, 441.36, and 441.37.

701—80.52(427) Responsibility of director of revenue. The director may revoke or modify an exemption on property if the exemption is found to have been erroneously granted by the local taxing officials. Any taxpayer or taxing district may request that the director revoke or modify an exemption, or the director may on the director's own determination revoke or modify an exemption. The director may revoke or modify an exemption for the tax year commencing in the tax year in which the request is made to the director or for the tax year commencing in the tax year in which the director's own motion is filed. The director shall hold a hearing on the appropriateness of the exemption prior to issuing an order for revocation or modification. The director's order to revoke or modify an exemption may be appealed in accordance with Iowa Code chapter 17A or in the district court of the county in which the property is located.

This rule is intended to implement Iowa Code section 427.1(16).

701—80.53(427) Application for exemption.

80.53(1) Each society or organization seeking an exemption under Iowa Code subsection 427.1(5), 427.1(8), 427.1(21), or 427.1(33) shall file with the appropriate assessor a statement containing the following information:

- a. The legal description of the property for which an exemption is requested.
- b. The use of all portions of the property, including the percentage of space not used for the appropriate objects of the society or organization and the percentage of time such space is so utilized.
- c. A financial statement showing the income derived and the expenses incurred in the operation of the property.
- d. The name of the organization seeking the exemption.
- e. If the exemption is sought under Iowa Code subsection 427.1(8), the appropriate objects of the society or organization.
- f. The book and page number on which is recorded the contract of purchase or the deed to the property and any lease by which the property is held.

g. An oath that no persistent violations of the laws of the state of Iowa will be permitted or have been permitted on such property.

h. The signature of the president or other responsible official of the society or organization showing that information contained in the claim has been verified under oath as correct.

80.53(2) The statement of objects and uses required by Iowa Code subsection 427.1(14) shall be filed only on forms prescribed by the director of revenue and made available by assessors.

80.53(3) Applications for exemptions required under Iowa Code subsection 427.1(14) must be filed with the assessor not later than February 1 of the year for which the exemption is requested.

80.53(4) If a properly completed application is not filed by February 1 of the assessment year for which the exemption would apply, no exemption shall be allowed against the property for that year (1964 O.A.G. 437).

This rule is intended to implement Iowa Code section 427.1, subsections 5, 8, 14, 19 to 24, 27, and 29 to 33.

701—80.54(427) Partial exemptions. In the event a portion of property is determined to be subject to taxation and a portion of the property exempt from taxation, the taxable value of the property shall be an amount which bears the same relationship to the total value of the entire property as the area of the portion subject to taxation bears to the area of the entire property. If a portion of a structure is subject to taxation, a proportionate amount of the value assigned to the land upon which the structure is located shall also be subject to taxation.

This rule is intended to implement Iowa Code subsection 427.1(14).

701—80.55(427,441) Taxable status of property.

80.55(1) The status of property on July 1 of the fiscal year which commences during the assessment year determines eligibility of the property for exemption in situations where no claim is required to be filed to procure a tax exemption. If the property is in a taxable status on July 1, no exemption is allowable for that fiscal year. If the property is in an exempt status on July 1, no taxes are to be levied against the property during that fiscal year. Exceptions to this rule are as follows:

a. Land acquired by the state of Iowa or a political subdivision thereof after July 1 in connection with the establishment, improvement, or maintenance of a public road shall be taxable for that portion of the fiscal year in which the property was privately owned.

b. All current and delinquent tax liabilities are to be canceled and no future taxes levied against property acquired by the United States or its instrumentalities, regardless of the date of acquisition, unless the United States Congress has authorized the taxation of specific federally owned property (1980 O.A.G. 80-1-19). The following exceptions apply:

(1) Property owned by the Federal Housing Authority (FHA) and property owned by the Federal Land Bank Association are subject to taxation, and any tax liabilities existing at the time of the acquisition are not to be canceled (1982 O.A.G. 82-1-16; 12 USCS §2055).

(2) Existing tax liabilities against property acquired by the Small Business Administration are not to be canceled if the acquisition takes place after the date of levy. However, no taxes are to be levied if the acquisition takes place prior to the levy date or for subsequent fiscal years in which the Small Business Administration owns the property on July 1 (15 USCS §646).

c. Land owned by the state and leased by the department of corrections or the department of human services pursuant to Iowa Code section 904.302, 904.705, or 904.706 to an entity that is not exempt from property tax is subject to taxation for the term of the lease. This provision applies to leases entered into on or after July 1, 2003. The lessor shall file a copy of the lease with the county assessor of the county where the land is located.

80.55(2) The status of property during the fiscal year for which an exemption was claimed determines eligibility of the property for exemption in situations where a claim is required to be filed to procure a tax exemption. If the property is used for an appropriate purpose for which an exemption is allowable for all of the fiscal year for which the exemption is claimed, no taxes are to be levied against the property during that fiscal year. If the property for which an exemption has been claimed

and received is used for an appropriate purpose for which an exemption is allowable for only a portion of the fiscal year for which the exemption is claimed, the taxes shall be prorated in accordance with the period of time the property was in a taxable status during the fiscal year.

This rule is intended to implement Iowa Code sections 427.1(1), 427.1(2), 427.2, 427.18, and 427.19.

701—80.56(427) Abatement of taxes. The board of supervisors may abate the taxes levied against property acquired by gift or purchase if the property was acquired after the deadline for filing a claim for property tax exemption if the property would have been exempt under Iowa Code section 427.1, subsection 7, 8, or 9, if a timely claim had been filed.

This rule is intended to implement Iowa Code section 427.3.

ITEM 38. Amend **701—Chapter 120**, title, as follows:

~~ORGANIZATION AND OPERATION~~
REASSESSMENT EXPENSE FUND

ITEM 39. Amend rule 701—120.1(421) as follows:

701—120.1(421) ~~Organization of committee~~ Reassessment expense fund. The reassessment expense fund ~~committee consists of the director of revenue, director, office of management, and the chairperson of the state board of tax review. One of the three members is selected as the chairperson and it is the duty of the chairperson to call and chair meetings. The reassessment expense fund committee shall appoint a secretary who shall take minutes of committee meetings and maintain the committee's records. The committee is established to authorize~~ is created in the office of the treasurer of state for the purpose of providing loans to city and county conference boards for conducting reassessments of property from the reassessment expense fund for assessing jurisdictions used in reappraising a class or classes of property within the jurisdiction. A majority of the members must be present to constitute a quorum and a majority vote by those members present shall govern and control. The office of the committee is maintained in the office of the Department of Revenue in the Hoover State Office Building, Des Moines, Iowa 50319. The director of revenue is responsible for maintaining and administering the reassessment expense fund. Persons wishing to obtain information pertaining to the ~~committee reassessment expense fund~~ or to make submissions or requests should direct correspondence to that address the attention of the Director, Department of Revenue, Hoover State Office Building, Des Moines, Iowa 50319.

This rule is intended to implement Iowa Code section 421.30.

ITEM 40. Amend rule 701—120.2(421), introductory paragraph, as follows:

701—120.2(421) Application for loan. Applications for ~~loan loans~~ loans from the reassessment expense fund may be made by a conference board established under Iowa Code section 441.2. The application shall be made on forms provided by the director of revenue and shall be submitted to the director ~~who will forward the application to the reassessment expense fund committee.~~ Applications shall contain the following information:

ITEM 41. Amend rule 701—120.3(421) as follows:

701—120.3(421) Criteria for granting loan. In determining whether to grant a loan from the reassessment expense fund and the amount of any ~~such~~ loan, the ~~reassessment expense fund committee director~~ shall consider the following factors:

1. to 4. No change.

~~In the event the reassessment expense fund committee denies a request for a loan or approves a loan in an amount less than that requested by the assessing jurisdiction, the assessing jurisdiction may, within ten days of receipt of notice of the committee's decision, request the committee to reconsider the original request. Such reconsideration by the committee shall be considered final action on the matter and the committee's final decision may be appealed to the district court.~~

This rule is intended to implement Iowa Code section 421.30.

ITEM 42. Amend rule 701—123.2(441) as follows:

701—123.2(441) Confidentiality. Examinations shall be held confidential ~~to~~ by the members of the assessment education advisory committee and by persons designated by the director to have access to the examinations. Persons given access to the examinations are those persons administering the ~~examination examinations~~, the instructors of the course for which the ~~exam is~~ examinations are given and those persons entrusted with the storage and retention of examinations by the director. The department of revenue will store records of attendance at the courses and scores of the examinations. Any person having access to examinations shall not divulge in any manner not provided by law the results of any examination.

ITEM 43. Amend rule **701—123.3(441)**, second unnumbered paragraph, as follows:

In situations in which the required number of hours of credit must be prorated, at least 60 percent of the credits earned must be tested credit. For example, if ~~the person in the example immediately above~~ a person must earn 31 hours of credit for certification during ~~the~~ a 15-month period, at least 19 of the hours must be tested credit ($31 \times .60 = 18.6 = 19$). Partial credit hours shall be rounded to the nearest whole number.

ITEM 44. Amend rule 701—124.1(441) as follows:

701—124.1(441) Course selection. The courses selected by the assessor education advisory committee for the continuing education program shall emphasize the areas outlined in rule 701—122.4(441). In establishing courses, the committee will consider current assessor training programs in Iowa and other states, and information from other sources.